



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
LOGAN COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2000**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.KYAUDITOR.NET](http://WWW.KYAUDITOR.NET)**

**144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELE. (502) 564-5841  
FAX (502) 564-2912**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE LOGAN COUNTY FISCAL COURT**

#### **Fiscal Year Ended June 30, 2000**

The Auditor of Public Accounts has completed the Logan County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Cash balances as of June 30, 2000 decreased by \$2,400,309 from the prior fiscal year, resulting in a cash balance of \$3,393,395 as of June 30, 2000. Cash receipts decreased by \$5,276,209 from the prior year and cash disbursements increased by \$55,037.

#### **Debt Obligations:**

Total bonded debt principal as of June 30, 2000, was \$5,140,000. Future collections of \$8,566,737 are needed over the next 25 years to pay all bonded debt principal and interest.

Total grant anticipation note principal as of June 30, 2000, was \$1,000,000. Proceeds of a grant for \$1,000,000 will cover this note. On February 6, 2001, the Logan/Todd Regional Water Commission paid \$1,037,221 of principal and interest to pay off the Limited Obligation Grant Anticipation Notes, Series 2000.

Capital lease principal agreements totaled \$24,000 as of June 30, 2000. Future principal and interest payments of \$25,510 are needed to meet these obligations.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

#### **Subsequent Event:**

On July 1, 2000, the Logan County Fiscal Court entered into a loan agreement with Kentucky Infrastructure Authority. The loan was for the purpose of establishing a comprehensive recycling program for Logan County, including the cities of Russellville, Adairville, Auburn, and Lewisburg. The principal was \$69,431 at 2.60% interest for a period of ten years, interest and principal paid semi-annually.



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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable John H. Guion, III, Logan County Judge/Executive  
Members of the Logan County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Logan County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Logan County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Logan County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2000 of Logan County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable John H. Guion, III, Logan County Judge/Executive  
Members of the Logan County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2001 on our consideration of Logan County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Logan County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
November 6, 2001



LOGAN COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

**Fiscal Court Members:**

John H. Guion, III	County Judge/Executive
Frank Harris Dockins, III	Magistrate
Wyatt Ezell, Jr.	Magistrate
Starling R. Murphy	Magistrate
Harold Prince	Magistrate
Curtis L. Watkins	Magistrate
Jimmy L. White	Magistrate

**Other Elected Officials:**

Thomas A. Noe, III	County Attorney
Bill Jenkins	Jailer
Kenny Chapman	County Clerk
Jim Nealy	Circuit Court Clerk
Dannie Blick	Sheriff
Ben Brown	Property Valuation Administrator
Phil Gregory	Coroner

**Appointed Personnel:**

Elaine Jenkins	County Treasurer
Karen Taylor	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

LOGAN COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash	\$	203,356
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Due From Logan/Todd Regional Water Commission (Note 6)		1,000,000
--	--	-----------

Road and Bridge Fund:

Cash		473,972
------	--	---------

Jail Fund:

Cash		34,969
------	--	--------

Local Government Economic Assistance Fund:

Cash		172,107
------	--	---------

Solid Waste Fund:

Cash		56,809
------	--	--------

Emergency 911 Fund:

Cash		55,639
------	--	--------

Public Hospital Corporation Fund:

Cash		576,437
------	--	---------

Investments		1,288,407
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Payroll Revolving Account - Cash		50,661		\$ 3,912,357
----------------------------------	--	--------	--	--------------

Capital Projects Fund Type

Public Properties Corporation Fund:

Cash		115,859
------	--	---------

Debt Service Fund Type

Public Properties Corporation Fund:

Cash		415,840
------	--	---------

Other Resources

General Fund Type

General Fund:

Amounts to be Provided in Future Years for Health

Department Building Capital Lease Obligation - Principal		24,000
--	--	--------

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2000  
 (Continued)

Assets and Other Resources (Continued)

Other Resources (Continued)

Debt Service Fund Type

Public Properties Corporation Fund:

Amounts to be Provided in Future Years for Bond Principal Payments	\$ 4,724,160
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Total Assets and Other Resources	\$ 9,192,216
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Liabilities and Fund Balances

Liabilities

General Fund Type

General Fund:

Capital Lease Obligation - Health		
Department Building - Principal (Note 5)	\$ 24,000	
Principal on Grant Anticipation Notes (Note 6)	1,000,000	
Payroll Revolving Account - Cash	50,661	\$ 1,074,661

Debt Service Fund Type

Public Properties Corporation Fund:

Bond Principal Not Matured (Note 7)	5,140,000
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Fund Balances

Reserved:

General Fund Type

General Fund (Note 10)	7,959
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Capital Projects Fund Type

Public Properties Corporation Fund	115,859
------------------------------------	---------

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS  
June 30, 2000  
(Continued)

Liabilities and Fund Balances (Continued)

Fund Balances (Continued)

Unreserved:

General Fund Type

General Fund	\$	195,397	
Road and Bridge Fund		473,972	
Jail Fund		34,969	
Local Government Economic Assistance Fund		172,107	
Solid Waste Fund		56,809	
Emergency 911 Fund		55,639	
Public Hospital Corporation Fund		<u>1,864,844</u>	<u>\$ 2,853,737</u>
Total Liabilities and Fund Balances			<u><u>\$ 9,192,216</u></u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LOGAN COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 5,734,617	\$ 3,066,180	\$ 1,369,979	\$ 412,351
Transfers In	887,864			579,000
Proceeds From Grant Anticipation Notes	1,000,000	1,000,000		
Kentucky Advance Revenue Program	809,345	605,885	203,460	
Total Cash Receipts	<u>\$ 8,431,826</u>	<u>\$ 4,672,065</u>	<u>\$ 1,573,439</u>	<u>\$ 991,351</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 5,831,644	\$ 2,878,603	\$ 1,477,875	\$ 1,015,103
Schedule of Other Expenditures	2,292,282			
Transfers Out	887,864	579,000		
Principal On Capital Lease:				
County Health Building	11,000	11,000		
Loan To Logan/Todd Regional				
Water Commission	1,000,000	1,000,000		
Kentucky Advance Revenue Program Repaid	809,345	605,885	203,460	
Total Cash Disbursements	<u>\$ 10,832,135</u>	<u>\$ 5,074,488</u>	<u>\$ 1,681,335</u>	<u>\$ 1,015,103</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (2,400,309)	\$ (402,423)	\$ (107,896)	\$ (23,752)
Cash Balance - July 1, 1999	<u>5,793,704</u>	<u>605,779</u>	<u>581,868</u>	<u>58,721</u>
Cash Balance - June 30, 2000*	<u>\$ 3,393,395</u>	<u>\$ 203,356</u>	<u>\$ 473,972</u>	<u>\$ 34,969</u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.



LOGAN COUNTY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
Fiscal Year Ended June 30, 2000  
(Continued)

General Fund Type				Capital Projects Fund Types	Debt Service Fund Type
Local Government Economic Assistance Fund	Solid Waste Fund	Emergency 911 Fund	Public Hospital Corporation Fund	Public Properties Corporation Fund	
\$ 68,079	\$ 79,599 38,691	\$ 311,315 22,988	\$ 124,020	\$ 263,456	\$ 39,638 247,185
\$ 68,079	\$ 118,290	\$ 334,303	\$ 124,020	\$ 263,456	\$ 286,823
\$ 33,566	\$ 61,481	\$ 365,016	\$ 61,679	\$ 2,045,001 247,185	\$ 247,281
\$ 33,566	\$ 61,481	\$ 365,016	\$ 61,679	\$ 2,292,186	\$ 247,281
\$ 34,513 137,594	\$ 56,809	\$ (30,713) 86,352	\$ 62,341 1,802,503	\$ (2,028,730) 2,144,589	\$ 39,542 376,298
\$ 172,107	\$ 56,809	\$ 55,639	\$ 1,864,844	\$ 115,859	\$ 415,840

The accompanying notes are an integral part of the financial statements.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Logan County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Logan County Public Properties Corporation and the Logan County Tourist and Convention Commission as part of the reporting entity.

Logan County Public Properties Corporation

Fiscal Court has the authority to appoint a voting majority of the Public Properties Corporation's (PPC) Board of Directors. Fiscal Court also has the ability to approve or modify the PPC's budget, approve or modify rate or fee changes affecting revenues, veto, overrule, or modify decisions of the Board of Directors, or otherwise impose its will on the PPC. In addition, Fiscal Court is financially accountable for the PPC: legally entitled to the PPC's resources as well as legally obligated for the PPC's debt. Financial information for the Public Properties Corporation is blended within Logan County's financial statements.

Logan County Tourist and Convention Commission

On December 29, 1999, the Logan County Fiscal Court (Fiscal Court) established the Logan County Tourist and Convention Commission (Commission) pursuant to KRS 91A.350(2) for the purpose of promoting tourism and convention activity in Logan County. The Commission is composed of seven members appointed by the Logan County Judge/Executive with the approval of the Fiscal Court. Five members are appointed by the County Judge/Executive from lists submitted by third parties. Two members are appointed at-large by the County Judge/Executive. The Commission's governing body is substantially different from the Fiscal Court. However, the Commission is fiscally dependent on the Fiscal Court because the Fiscal Court controls its major source of revenue. The Commission's major source of revenue is the transient room tax. On January 11, 2000, the Fiscal Court enacted an ordinance imposing a transient room tax. The Fiscal Court currently collects "3% of the rent for every occupancy of a suite, room or rooms, charged by all persons, companies, corporations or other like or similar persons, groups or organizations doing business as motor courts, motels, hotels, inns, or like or similar accommodations businesses." The Commission is to annually submit a request for funds to the Fiscal Court. This fiscal dependency requires the Fiscal Court to include the Commission as a component unit. The Commission is not included in any other organization's reporting entity and does not provide services exclusively to the Fiscal Court; therefore, the financial activity of the Commission should be presented discretely. The Commission did not have any financial activity during fiscal year 2000 and an audit report was not issued. Therefore, this component unit is not included in these financial statements.

LOGAN COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2000  
 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Additional Logan County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Logan County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Logan County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Logan County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, Solid Waste Fund, Emergency 911 Fund, and the Public Hospital Corporation Fund.

2) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

3) Capital Projects Fund Type

Capital Project Funds Type accounts for financial resources to be used for acquisition of major capital facilities. The Public Properties Corporation Fund of the Fiscal Court is reported as a Capital Projects Fund Type.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance Budget

The Logan County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund (Debt Service Fund Type) because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Logan County Fiscal Court: East Logan County Water District and North Logan County Water District. The county judge/executive is responsible for appointing, with the fiscal court's approval, the board members of the East Logan County Water District and North Logan County Water District, but the fiscal court's accountability for these organizations does not extend beyond making the appointments. In fiscal year 2000, the fiscal court appropriated no funds to the East Logan County Water District or North Logan County Water District.

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. The Logan County Fiscal Court is a participant with the cities of Adairville, Auburn, Lewisburg, and Russellville in a joint venture to operate the Joint City-County Planning Commission and Board of Adjustment (Planning Commission). The Planning Commission is governed by an eleven-member board composed of five appointees from the Logan County Fiscal Court, three appointees from City of Russellville, and one appointee each from City of Adairville, City of Auburn, and City of Lewisburg. The Fiscal Court and each city are each obligated as follows: "All costs incurred by the Commission, not met by Federal and/or State monies, shall be paid by the participating cities and the county on a percentage rate according to the number of members appointed to the commission by each of the participating entities." During fiscal year 2000, the fiscal court appropriated and expended \$6,000 to the Planning Commission.

H. Jointly Governed Organization

A regional government or other multigovernmental arrangement that is governed by representatives from each of the governments that creates the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Logan County Fiscal Court (Fiscal Court), in conjunction with City of Russellville (City), has created the Russellville-Logan County Airport Board (Airport Board). The Airport Board is composed of three members each from the Fiscal Court and City. The Fiscal Court appropriated no funds for the Airport Board. However, on September 23, 1997, the Fiscal Court and the City guaranteed repayment of loans in the amount of \$120,000 at an interest rate of 2% per annum. The loans are for a period of ten years for the purpose of constructing capital improvements.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deferred Compensation

Logan County Fiscal Court allows all full time employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by full time employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is present in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report.

Note 4. Deposits and Investments

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 4. Deposits and Investments (Continued)

Deposits	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	<u>\$ 3,575,118</u>

Investments are categorized below. Category 1 - Insured or registered, or securities held by the entity or its agent in the entity's name. Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name. Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

Types of Investments	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Repurchase Agreements	<u>\$ 1,288,407</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,288,407</u>	<u>\$ 1,288,407</u>

Note 5. Capital Lease-Purchase Agreement

On September 15, 1992, the Logan County Fiscal Court entered into a lease purchase agreement with Kentucky Association of Counties Leasing Trust for the purpose of acquiring a Health Department Building. The principal amount borrowed was \$54,000 with an interest rate of 4.825%. The termination date of the lease is February 1, 2002. The outstanding balance as of June 30, 2000 was \$24,000. Lease payment requirements are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2001	\$ 1,103	\$ 12,000
2002	<u>407</u>	<u>12,000</u>
Totals	<u>\$ 1,510</u>	<u>\$ 24,000</u>

Note 6. Grant Anticipation Notes

On May 23, 2000, the Logan County Fiscal Court issued Limited Obligation Grant Anticipation Notes, Series 2000, in the amount of \$1,000,000 at an interest rate of 5.56%. The purpose of the grant anticipation notes was to provide funds to the Logan/Todd Regional Water Commission for construction of a water system. The grant anticipation notes were secured with the proceeds of a grant for \$1,000,000 from the Commonwealth of Kentucky. As of June 30, 2000, debt service requirements were principal of \$1,000,000 due May 23, 2001.

LOGAN COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2000  
 (Continued)

Note 6. Grant Anticipation Notes (Continued)

The Fiscal Court loaned the \$1,000,000 to the Logan/Todd Regional Water Commission. As of June 30, 2000, the Logan/Todd Regional Water Commission owed the Logan County Fiscal Court \$1,000,000.

On February 6, 2001, the Logan/Todd Regional Water Commission paid \$1,037,221 of principal and interest to pay off the Limited Obligation Grant Anticipation Notes, Series 2000.

Note 7. Bonds Payable

On September 1, 1998, the Logan County Public Properties Corporation issued first mortgage bonds to provide funding for the construction of the Logan County Jail. The total bond issue was in the amount of \$5,140,000, with interest rates varying between 4.25% and 5.1%. Interest is payable on March 1 and September 1 of each year. The bonds were sold at a discount of \$26,478. The total bond proceeds were \$5,223,522. At the date of sale, there was \$24,726 in accrued interest that was remitted to the Public Properties Corporation along with the bond proceeds. Funds in the amount of \$5,138,248 were deposited into the Construction Fund account. On October 7, 1998 funds were transferred from the Construction Fund account to the Debt Reserve account in the amount of \$368,988, to the Cost of Issuance account in the amount of \$51,400, and to the Sinking Fund account in the amount of \$24,725. The bond issue provides for early redemption, with 30 days notice, on or after September 1, 2008.

Bonds outstanding as of June 30, 2000 totaled \$5,140,000. Debt service requirements are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2001	\$ 244,920	\$ 110,000
2002	240,245	110,000
2003	235,464	115,000
2004	230,364	125,000
2005	224,945	130,000
2006-2025	<u>2,666,639</u>	<u>4,550,000</u>
Totals	<u>\$ 3,842,577</u>	<u>\$ 5,140,000</u>



LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 8. Lease-Purchase Agreement

The county entered into the following lease-purchase agreement for the purchase of 911 Equipment on April 26, 1999 with a maturity date of January 20, 2004. The principal amount borrowed was \$275,000. The interest rate was 4.02 percent with estimated rental interest costs of \$30,790. In addition the county agreed to pay administrative, credit, and fiduciary fees of \$7,940. The principal amount outstanding as of June 30, 2000 was \$224,000.

<u>Fiscal Year</u>	<u>Scheduled Interest And Fees</u>	<u>Scheduled Principal</u>
2001	\$ 10,134	\$ 53,000
2002	7,432	55,000
2003	4,630	57,000
2004	1,480	59,000
Totals	<u>\$ 23,676</u>	<u>\$ 224,000</u>

Note 9. Material Grants

A. Logan/Todd Regional Water Commission Project Grant

Logan County Fiscal Court was awarded a grant for \$2,000,000 from the Department for Local Government, Commonwealth of Kentucky, to assist in the Logan/Todd Regional Water Commission project. As of June 30, 1999, the Logan County Fiscal Court had received and expended \$1,500,000. During fiscal year 2000, the Logan County Fiscal Court received grant funds totaling \$750,000 and spent funds totaling \$750,000. The unexpended balance as of June 30, 2000, was \$0.

B. Shaker Village Land Acquisition Grant

Logan County Fiscal Court was awarded a grant for \$100,000 from the Federal Highway Administration through the Kentucky Transportation Cabinet, Commonwealth of Kentucky, to assist in acquisition of additional land at Shaker Village. During fiscal year 2000, the Logan County Fiscal Court received grant funds totaling \$100,000 and spent funds totaling \$100,000. The unexpended balance as of June 30, 2000, was \$0.

Note 10. Reserved Fund Balance

Reservations of fund balance represent amounts that are legally segregated for a specific purpose. As of June 30, 2000, funds of \$7,959 of the General Fund were reserved as follows: Logan County Fiscal Court has funds of \$7,959 reserved for the Tourism Commission. The county began to collect this tax in May of 2000, but these funds have not been remitted to the Tourism Commission.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 11. Subsequent Events

On July 1, 2000, the Logan County Fiscal Court entered into a loan agreement with Kentucky Infrastructure Authority. The loan was for the purpose of establishing a comprehensive recycling program for Logan County, including the cities of Russellville, Adairville, Auburn, and Lewisburg. The principal was \$69,431 at 2.60% interest for a period of ten years, interest and principal paid semi-annually. Debt service requirements are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2001	\$ 1,765	\$ 6,164
2002	1,604	6,326
2003	1,439	6,491
2004	1,269	6,661
2005	1,094	6,835
2006-2010	<u>2,694</u>	<u>36,954</u>
Totals	<u>\$ 9,865</u>	<u>\$ 69,431</u>

Note 12. Insurance

For the fiscal year ended June 30, 2000, Logan County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 13. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations.

The Logan County Jail Canteen Fund had income of \$73,453, less cost of goods sold of \$58,912, leaving net income at \$14,541 as of June 30, 2000. All profit expenditures were for the benefit and/or recreation of the inmates.

LOGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 14. Magistrates' Expense Allowances

According to a May 13, 1999 Order of the Logan County Fiscal Court, the county's approved budget for the fiscal year ended June 30, 2000 added a line item "for magistrates expenses in the amount of \$21,600 a year with the magistrates to receive \$300 a month less taxes," which line item for magistrates' expense allowances apparently was not present in the county's prior years' budgets. It appears, however, that Logan County magistrates may have been receiving a \$300 per month expense allowance during the fiscal year ended June 30, 1991, because a December 26, 1990 fiscal court order approved "adding magistrates' \$3,600/year expense allowance to their salaries, to be paid in a lump sum to facilitate bookkeeping procedures." We cannot determine at this time what effect, if any, on the county's financial statements these two fiscal court orders entered eight and one half years apart, taken together with the fiscal court's orders approving annual county budgets for those years, may have had on the accuracy of the calculation of salary and expense allowance payments to the magistrates over the past nine years. The Logan County Attorney, however, may wish to consider this matter to determine whether legal issues exist that require further resolution.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



LOGAN COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 3,454,894	\$ 3,066,180	\$ (388,714)
Road and Bridge Fund	1,633,025	1,369,979	(263,046)
Jail Fund	510,420	412,351	(98,069)
Local Government Economic Assistance Fund	45,945	68,079	22,134
Solid Waste Fund		79,599	79,599
Emergency 911 Fund	301,425	311,315	9,890
Public Hospital Corporation Fund	105,000	124,020	19,020
Totals	<u>\$ 6,050,709</u>	<u>\$ 5,431,523</u>	<u>\$ (619,186)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 6,050,709
Add: Budgeted Prior Year Surplus	3,222,052
Less: Other Financing Uses	<u>(820,345)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 8,452,416</u>

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SCHEDULE OF OPERATING REVENUE



LOGAN COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

Revenue Categories	GOVERNMENTAL FUND TYPES			
	Totals (Memorandum Only)	General Fund Type	Capital Projects Fund Type	Debt Service Fund Type
Taxes	\$ 1,321,836	\$ 1,321,836	\$	\$
In Lieu Tax Payments	82,347	82,347		
Excess Fees	785,997	785,997		
License and Permits	135,156	135,156		
Intergovernmental Revenues	2,751,063	2,751,063		
Charges for Services	9,365	9,365		
Miscellaneous Revenues	126,702	124,156	2,546	
Interest Earned	522,151	221,603	260,910	39,638
Total Operating Revenue	<u>\$ 5,734,617</u>	<u>\$ 5,431,523</u>	<u>\$ 263,456</u>	<u>\$ 39,638</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



LOGAN COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,873,689	\$ 1,809,609	\$ 64,080
Protection to Persons and Property	1,304,761	1,247,258	57,503
General Health and Sanitation	878,551	881,124	(2,573)
Social Services	9,500	10,576	(1,076)
Recreation and Culture	8,100	15,691	(7,591)
Roads	1,149,142	900,566	248,576
Airports	10,500	10,500	
Debt Service	17,200	16,109	1,091
Capital Projects	625,500	432,141	193,359
Administration	2,575,473	508,070	2,067,403
Total Operating Budget - All General Fund Type	\$ 8,452,416	\$ 5,831,644	\$ 2,620,772
Other Financing Uses:			
Principal on Capital Lease Agreement- County Health Building	11,000	11,000	
Borrowed Money- Kentucky Advanced Revenue Program - Principal	809,345	809,345	
TOTAL BUDGET - ALL GENERAL FUND TYPE	<u>\$ 9,272,761</u>	<u>\$ 6,651,989</u>	<u>\$ 2,620,772</u>

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SCHEDULE OF OTHER EXPENDITURES



LOGAN COUNTY  
SCHEDULE OF OTHER EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Items	Capital Projects Fund Type	Debt Service Fund Type
	Public Properties Corporation Fund	
Acoustical Ceilings and Panels	\$ 24,241	\$
Architect Fees	134,402	
Chain Link Fences	7,155	
Cleaning Service	1,358	
Concrete	24,371	
Construction	409,251	
Electrical	272,354	
Engineering	1,969	
Equipment	118,054	
Fire Protection System	14,198	
HVAC	18,869	
Interest Expense - Bond		247,258
Interior Supplies	68,201	
Laundry System	3,194	
Masonry	111,091	
Miscellaneous	71,310	23
Miscellaneous Accessories	1,125	
Overhead Doors	9,788	
Painting and Finishing	67,686	
Plumbing	204,089	
Quarry Tile	31,523	
Roofing	44,473	
Security	248,167	
Site Excavation and Grading	25,145	
Structural Steel	18,277	
Supplies	107,810	
Telephone Center	5,800	
Waste Services	1,100	
Total	\$ 2,045,001	\$ 247,281

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable John H. Guion, III, Logan County Judge/Executive

Members of the Logan County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Logan County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated November 6, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Logan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Logan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
November 6, 2001



CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

LOGAN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

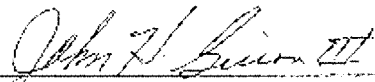
Appendix A

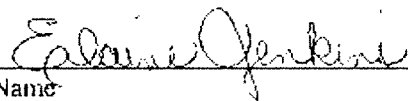


CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
LOGAN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Logan County Fiscal Court hereby certifies that assistance received from Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Name  
County Judge/Executive

  
\_\_\_\_\_  
Name  
County Treasurer